

**NOVA SCOTIA SECURITIES COMMISSION**

**Rule 25-101 *Designated Rating Organizations***

**-and-**

**Related Amendments to Rule 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, Rule 33-109 *Registration Information*, Rule 41-101 *General Prospectus Requirements*, Rule 44-101 *Short Form Prospectus Distributions*, Rule 44-102 *Shelf Distributions*, Rule 45-106 *Prospectus Exemptions*, Rule 51-102 *Continuous Disclosure Obligations*, Rule 81-102 *Investment Funds*, and Rule 81-106 *Investment Fund Continuous Disclosure***

**-and-**

**Amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, Amendments to National Instrument 33-109 *Registration Information*, Amendments to National Instrument 41-101 *General Prospectus Requirements*, Amendments to National Instrument 44-101 *Short Form Prospectus Distributions*, Amendments to National Instrument 44-102 *Shelf Distributions*, Amendments to National Instrument 45-106 *Prospectus Exemptions*, Amendments to National Instrument 51-102 *Continuous Disclosure Obligations*, Amendments to National Instrument 81-102 *Investment Funds*, and Amendments to National Instrument 81-106 *Investment Fund Continuous Disclosure*  
(collectively, the Rule)**

**-and-**

**Change to Companion Policy 21-101CP *Marketplace Operation* and Change to Companion Policy 81-102CP *Investment Funds*  
(collectively, the Companion Policy)**

**WHEREAS:**

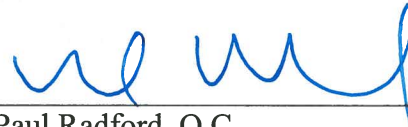
1. Pursuant to section 150 of the Securities Act, R.S.N.S. 1989, chapter 418, as amended (the Act), the Nova Scotia Securities Commission (the Commission) has power to make rules subject to compliance with the requirements of the Act;
2. Pursuant to section 19 of the Act, the Commission has power to issue and publish policy statements;
3. The Rule and Companion Policy, copies of which are attached hereto, have been made a rule by one or more of the Canadian securities regulatory authorities; and

4. The Commission is of the opinion that the attainment of the purpose of the Act is advanced by this Instrument.

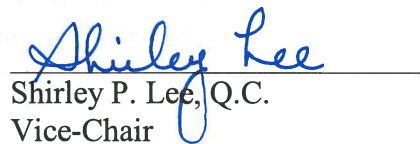
NOW THEREFORE the Commission hereby:

- (a) pursuant to the authority contained in section 150 of the Act and subject to compliance with the requirements of section 150A of the Act, approves the Rule and makes the same a rule of the Commission;
- (b) pursuant to the authority contained in section 19 of the Act and subject to publication on the Commission's website, issues the Companion Policy as a policy statement of the Commission; and
- (c) declares that the rule approved and made pursuant to clause (a) and the issuance of the policy statement pursuant to clause (b) shall both take effect on **June 12, 2018**, unless the Minister disapproves the rule or returns it to the Commission in accordance with subsection 150A(3) of the Act in which event the rule and the policy statement shall not be effective until the rule is approved by the Minister.

IN WITNESS WHEREOF this Instrument has been signed by the Chair and Vice-Chair of the Commission, being the members of the Commission prescribed by the Chair pursuant to subsection 15(3) of the Act to attend the hearing of this matter and the quorum with respect to this matter, on the 29<sup>th</sup> day of March, 2018.



Paul Radford, Q.C.  
Chair



Shirley P. Lee, Q.C.  
Vice-Chair

Attachments

**Amendments to  
National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations***

**1. *National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is amended by this Instrument.***

**2. *Section 1.1 is amended by replacing the definition of “designated rating” with the following:***

“designated rating” has the same meaning as in paragraph (b) of the definition of “designated rating” in National Instrument 81-102 *Investment Funds*;

**3. *Section 1.1 is amended by replacing the definition of “designated rating organization” with the following:***

“designated rating organization” has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*;

**4. *Section 1.1 is amended by adding the following definition:***

“successor credit rating organization” has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*;

**5. *Schedule 1 of Form 31-103F1 Calculation of Excess Working Capital is amended by replacing subparagraph (a)(i) with the following:***

(i) Bonds, debentures, treasury bills and other securities of or guaranteed by the Government of Canada, of the United Kingdom, of the United States of America or of any other national foreign government (provided those foreign government securities have a current credit rating described in subparagraph (i.1)) maturing (or called for redemption):

within 1 year:	1% of fair value multiplied by the fraction determined by dividing the number of days to maturing by 365
over 1 year to 3 years:	1% of fair value
over 3 years to 7 years:	2% of fair value
over 7 years to 11 years:	4% of fair value
over 11 years	4% of fair value

- (i.1) A credit rating from a designated rating organization listed below, from a DRO affiliate of an organization listed below, from a designated rating organization that is a successor credit rating organization of an organization listed below or from a DRO affiliate of such successor credit rating organization, that is the same as one of the following corresponding rating categories or that is the same as a category that replaces one of the following corresponding rating categories:

<b>Designated Rating Organization</b>	<b>Long Term Debt</b>	<b>Short Term Debt</b>
DBRS Limited	AAA	R-1(high)
Fitch Ratings, Inc.	AAA	F1+
Moody's Canada Inc.	Aaa	Prime-1
S&P Global Ratings Canada	AAA	A-1+

6. This Instrument comes into force on June 12, 2018.

**Amendments to  
National Instrument 33-109 Registration Information**

1. *National Instrument 33-109 Registration Information is amended by this Instrument.*
2. *Schedule C of Form 33-109F6 Firm Registration is amended, under the heading “Schedule 1 of Form 31-103F1 Calculation of Excess Working Capital”, by replacing subparagraph (a)(i) with the following:*
  - (i) Bonds, debentures, treasury bills and other securities of or guaranteed by the Government of Canada, of the United Kingdom, of the United States of America or of any other national foreign government (provided those foreign government securities have a current credit rating described in subparagraph (i.1)) maturing (or called for redemption):
    - within 1 year: 1% of fair value multiplied by the fraction determined by dividing the number of days to maturing by 365
    - over 1 year to 3 years: 1% of fair value
    - over 3 years to 7 years: 2% of fair value
    - over 7 years to 11 years: 4% of fair value
    - over 11 years 4% of fair value
  - (i.1) A credit rating from a designated rating organization listed below, from a DRO affiliate of an organization listed below, from a designated rating organization that is a successor credit rating organization of an organization listed below or from a DRO affiliate of such successor credit rating organization, that is the same as one of the following corresponding rating categories or that is the same as a category that replaces one of the following corresponding rating categories:

Designated Rating Organization	Long Term Debt	Short Term Debt
DBRS Limited	AAA	R-1(high)
Fitch Ratings, Inc.	AAA	F1+
Moody’s Canada Inc.	Aaa	Prime-1
S&P Global Ratings Canada	AAA	A-1+

3. This Instrument comes into force on June 12, 2018.

**Amendments to  
National Instrument 41-101 *General Prospectus Requirements***

1. *National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.*
2. *Section 1.1 is amended by replacing the definition of “designated rating organization” with the following:*  
  

“designated rating organization” has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*;
3. *Section 1.1 is amended by adding the following definition:*  
  

“successor credit rating organization” has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*;
4. *Section 7.2 is amended,*
  - (a) *in subsection (2), by adding “and subject to subsection (2.1),” after “Despite subsection (1),”*
  - (b) *in subsection (2), by replacing “received a rating” with “received a credit rating”, and*
  - (c) *by adding the following subsection after subsection (2):*
    - (2.1) If the only credit ratings of the securities referred to in subsection (2) are from Kroll Bond Rating Agency, Inc., its DRO affiliate, any successor credit rating organization of Kroll Bond Rating Agency, Inc. or any DRO affiliate of any successor credit rating organization of Kroll Bond Rating Agency, Inc., subsection (2) does not apply unless the distribution is of asset-backed securities..
5. *Subsection 19.1(3) is amended by adding “Alberta and” before “Ontario”.*
6. This Instrument comes into force on June 12, 2018.

**Amendments to  
National Instrument 44-101 Short Form Prospectus Distributions**

1. *National Instrument 44-101 Short Form Prospectus Distributions is amended by this Instrument.*
2. *Section 1.1 is amended by replacing the definition of “designated rating” with the following:*

“designated rating” means the following:

- (a) for the purposes of paragraph 2.6(1)(c), a credit rating from a designated rating organization listed in this paragraph, from a DRO affiliate of an organization listed in this paragraph, from a designated rating organization that is a successor credit rating organization of an organization listed in this paragraph or from a DRO affiliate of such successor credit rating organization, that is at or above one of the following corresponding rating categories or that is at or above a category that replaces one of the following corresponding rating categories:

<b>Designated Rating Organization</b>	<b>Long Term Debt</b>	<b>Short Term Debt</b>	<b>Preferred Shares</b>
DBRS Limited	BBB	R-2	Pfd-3
Fitch Ratings, Inc.	BBB	F3	BBB
Kroll Bond Rating Agency, Inc.	BBB	K3	BBB
Moody’s Canada Inc.	Baa	Prime-3	Baa
S&P Global Ratings Canada	BBB	A-3	P-3

- (b) except as described in paragraph (a), a credit rating from a designated rating organization listed in this paragraph, from a DRO affiliate of an organization listed in this paragraph, from a designated rating organization that is a successor credit rating organization of an organization listed in this paragraph or from a DRO affiliate of such successor credit rating organization, that is at or above one of the following corresponding rating categories or that is at or above a category that replaces one of the following corresponding rating categories:

<b>Designated Rating Organization</b>	<b>Long Term Debt</b>	<b>Short Term Debt</b>	<b>Preferred Shares</b>
DBRS Limited	BBB	R-2	Pfd-3
Fitch Ratings, Inc.	BBB	F3	BBB
Moody’s Canada Inc.	Baa	Prime-3	Baa
S&P Global Ratings Canada	BBB	A-3	P-3

3. *Section 1.1 is amended by replacing the definition of “designated rating organization” with the following:*

“designated rating organization” means,

- (a) if designated under securities legislation, any of
  - (i) DBRS Limited, Fitch Ratings, Inc., Kroll Bond Rating Agency, Inc., Moody’s Canada Inc. or S&P Global Ratings Canada,
  - (ii) a successor credit rating organization of a credit rating organization listed in subparagraph (i), or
- (b) any other credit rating organization designated under securities legislation;.

**4. *Section 1.1 is amended by adding the following definition:***

“successor credit rating organization” means, with respect to a credit rating organization, any credit rating organization that succeeded to or otherwise acquired all or substantially all of another credit rating organization’s business in Canada, whether through a restructuring transaction or otherwise, if that business was, at any time, owned by the first-mentioned credit rating organization;.

**5. *Subsection 8.1(4) is amended by adding “Alberta and” before “Ontario”.***

**6. This Instrument comes into force on June 12, 2018.**



**Amendments to  
National Instrument 44-102 Shelf Distributions**

- 1. *National Instrument 44-102 Shelf Distributions is amended by this Instrument.***
- 2. *Subsection 1.1(1) is amended by adding the following definition:***

“designated rating” has,

  - (a) for the purposes of section 2.6, the meaning ascribed to that term in paragraph (a) of the definition of “designated rating” in NI 44-101, and
  - (b) except as described in paragraph (a), the meaning ascribed to that term in paragraph (b) of the definition of “designated rating” in NI 44-101;.
- 3. *Subsection 11.1(2.1) is amended by adding “Alberta and” before “Ontario”.***
- 4. This Instrument comes into force on June 12, 2018.**

**Amendments to  
National Instrument 45-106 *Prospectus Exemptions***

**1. *National Instrument 45-106 Prospectus Exemptions is amended by this Instrument.***

**2. *Section 1.1 is amended by replacing the definition of “designated rating” with the following:***

“designated rating” has the same meaning as in paragraph (b) of the definition of “designated rating” in National Instrument 81-102 *Investment Funds*;

**3. *Section 1.1 is amended by replacing the definition of “designated rating organization” with the following:***

“designated rating organization” has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*;

**4. *Section 1.1 is amended by adding the following definition:***

“successor credit rating organization” has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*;

**5. *Subsection 2.35(1) is amended by replacing paragraphs (b) and (c) with the following:***

(b) the note or commercial paper has a credit rating from a designated rating organization listed below, from a DRO affiliate of an organization listed below, from a designated rating organization that is a successor credit rating organization of an organization listed below or from a DRO affiliate of such successor credit rating organization, that is at or above one of the following corresponding rating categories or that is at or above a category that replaces one of the following corresponding rating categories:

(i) R-1(low) - DBRS Limited;

(ii) F1 - Fitch Ratings, Inc.;

(iii) P-1 - Moody’s Canada Inc.;

(iv) A-1(Low) (Canada national scale) - S&P Global Ratings Canada;

(c) the note or commercial paper has no credit rating from a designated rating organization listed below, from a DRO affiliate of an organization listed below, from a designated rating organization that is a successor credit rating organization of an organization listed below or from a DRO affiliate of such successor credit rating organization, that is below one of the following corresponding rating categories or

that is below a category that replaces one of the following corresponding rating categories:

- (i) R-1(low) - DBRS Limited;
- (ii) F2 - Fitch Ratings, Inc.;
- (iii) P-2 - Moody's Canada Inc.;
- (iv) A-1(Low) (Canada national scale) or A-2 (global scale) - S&P Global Ratings Canada..

**6. *The Instrument is amended by adding the following section immediately before section 2.35.2:***

**Definition applicable to section 2.35.2**

2.35.1.1 For the purposes of paragraph 2.35.2(a), a reference to “designated rating organization” includes the DRO affiliates of the organization, a designated rating organization that is a successor credit rating organization of the designated rating organization and the DRO affiliates of such successor credit rating organization..

**7. *Section 2.35.2 is amended by replacing subparagraphs (a)(i) and (a)(ii) with the following:***

- (i) it has a credit rating from not less than two designated rating organizations listed below and at least one of the credit ratings is at or above one of the following corresponding rating categories or is at or above a category that replaces one of the following corresponding rating categories:
  - (A) R-1(high)(sf) - DBRS Limited;
  - (B) F1+sf - Fitch Ratings, Inc.;
  - (C) P-1(sf) - Moody's Canada Inc.;
  - (D) A-1(High)(sf) (Canada national scale) or A-1+(sf) (global scale) - S&P Global Ratings Canada;
- (ii) it has no credit rating from a designated rating organization listed below that is below one of the following corresponding rating categories or that is below a category that replaces one of the following corresponding rating categories:
  - (A) R-1(low)(sf) - DBRS Limited;
  - (B) F2sf - Fitch Ratings, Inc.;

(C) P-2(sf) - Moody's Canada Inc.;

(D) A-1(Low)(sf) (Canada national scale) or A-2(sf) (global scale) - S&P Global Ratings Canada,;

**8. Section 2.35.2 is amended by replacing clause (a)(iv)(C) with the following:**

(C) the liquidity provider has a credit rating from each of the designated rating organizations providing a credit rating on the short-term securitized product referred to in subparagraph 2.35.2(a)(i), for its senior, unsecured short-term debt, none of which is dependent upon a guarantee by a third party, and each credit rating from those designated rating organizations is at or above the following corresponding rating categories or is at or above a category that replaces one of the following corresponding rating categories:

1. R-1(low) - DBRS Limited;
2. F2 - Fitch Ratings, Inc.;
3. P-2 - Moody's Canada Inc.;
4. A-1(Low) (Canada national scale) or A-2 (global scale) - S&P Global Ratings Canada,;

**9. This Instrument comes into force on June 12, 2018.**

**Amendments to  
National Instrument 51-102 *Continuous Disclosure Obligations***

1. *National Instrument 51-102 Continuous Disclosure Obligations is amended by this Instrument.*
2. *Section 1.1 is amended by repealing the definitions of “designated rating organization” and “DRO affiliate”.*
3. *Subsection 13.1(3) is amended by adding “Alberta and” before “Ontario”.*
4. This Instrument comes into force on June 12, 2018.

**Amendments to  
National Instrument 81-102 *Investment Funds***

1. *National Instrument 81-102 Investment Funds is amended by this Instrument.*
2. *Section 1.1 is amended by replacing the definition of “designated rating” with the following:*

“designated rating” means,

- (a) for the purposes of paragraph 4.1(4)(b), a designated rating under paragraph (b) of the definition of “designated rating” in National Instrument 44-101 *Short Form Prospectus Distributions*, or
- (b) except as described in paragraph (a), a credit rating from a designated rating organization listed below, from a DRO affiliate of an organization listed below, from a designated rating organization that is a successor credit rating organization of an organization listed below or from a DRO affiliate of such successor credit rating organization, that is at or above one of the following corresponding rating categories, or that is at or above a category that replaces one of the following corresponding rating categories, if
  - (i) there has been no announcement from the designated rating organization, from a DRO affiliate of the organization, from a designated rating organization that is a successor credit rating organization or from a DRO affiliate of such successor credit rating organization, of which the investment fund or its manager is or reasonably should be aware that the credit rating of the security or instrument to which the designated rating was given may be down-graded to a rating category that would not be a designated rating, and
  - (ii) no designated rating organization listed below, no DRO affiliate of an organization listed below, no designated rating organization that is a successor credit rating organization of an organization listed below and no DRO affiliate of such successor credit rating organization, has rated the security or instrument in a rating category that is not a designated rating:

<b>Designated Rating Organization</b>	<b>Commercial Paper/Short Term Debt</b>	<b>Long Term Debt</b>
DBRS Limited	R-1 (low)	A
Fitch Ratings, Inc.	F1	A
Moody’s Canada Inc.	P-1	A2
S&P Global Ratings Canada	A-1 (Low)	A

3. *Section 1.1 is amended by replacing the definition of “designated rating organization” with the following:*

“designated rating organization” means, if designated under securities legislation, any of

- (a) DBRS Limited, Fitch Ratings, Inc., Moody’s Canada Inc. or S&P Global Ratings Canada, or
- (b) a successor credit rating organization of a credit rating organization listed in paragraph (a);.

**4. Subsection 1.1 is amended by adding the following definition:**

“successor credit rating organization” means, with respect to a credit rating organization, any credit rating organization that succeeded to or otherwise acquired all or substantially all of another credit rating organization’s business in Canada, whether through a restructuring transaction or otherwise, if that business was, at any time, owned by the first-mentioned credit rating organization;.

**5. Subsection 4.1(4.1) is repealed.**

**6. This Instrument comes into force on June 12, 2018.**

**Amendments to  
National Instrument 81-106 *Investment Fund Continuous Disclosure***

1. *National Instrument 81-106 Investment Fund Continuous Disclosure is amended by this Instrument.*
2. *Section 1.1 is amended by adding the following definition:*

“designated rating” has the same meaning as in paragraph (b) of the definition of “designated rating” in National Instrument 81-102 *Investment Funds*;
3. *Subsection 1.3(2) is amended by replacing “Terms defined” with “Unless defined in section 1.1 of this Instrument, terms defined”.*
4. This Instrument comes into force on June 12, 2018.



**Change to  
Companion Policy 21-101CP Marketplace Operation**

1. *Companion Policy 21-101CP Marketplace Operation is changed by this Document.*

2. *Subsection 10.1(6) is replaced with the following:*

- (6) An “investment grade corporate debt security” is a corporate debt security that has a credit rating from a designated rating organization listed below, from a DRO affiliate of an organization listed below, from a designated rating organization that is a successor credit rating organization of an organization listed below or from a DRO affiliate of such successor credit rating organization, that is at or above one of the following corresponding rating categories or that is at or above a category that replaces one of the following corresponding rating categories:

Designated Rating Organization	Long Term Debt	Short Term Debt
DBRS Limited	BBB	R-2
Fitch Ratings, Inc.	BBB	F3
Moody’s Canada Inc.	Baa	Prime-3
S&P Global Ratings Canada	BBB	A-3

In this subsection,

“designated rating organization” has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*;

“DRO affiliate” has the same meaning as in National Instrument 25-101 *Designated Rating Organizations*; and

“successor credit rating organization” has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*..

3. This change becomes effective on June 12, 2018.

**Change to  
Companion Policy 81-102CP *Investment Funds***

1. *Companion Policy 81-102CP Investment Funds is changed by this Document.*
2. *Section 3.1 is deleted.*
3. This change becomes effective on June 12, 2018.